(d) NO INFERENCE OF LIABILITY.—Liability of the United States shall not be inferred from enactment of or payment under this section.

SEC. 2. LIMITATION ON FILING OF CLAIMS.

The Secretary of the Treasury shall not pay any claim filed under this Act that is filed later than 120 days after the date of the enactment of this Act.

SEC. 3. REDUCTION.

The amount paid pursuant to this Act to an individual for attorney fees and costs described in section 1 shall be reduced by any amount received before the date of the enactment of this Act, without obligation for repayment by the individual, for payment of such attorney fees and costs (including any amount received from the funds appropriated for the individual in the matter relating to the ''Office of the General Counsel'' under the heading ''Office of the Secretary'' in title I of the Department of Transportation and Related Agencies Appropriations Act, 1994).

SEC. 4. PAYMENT IN FULL SETTLEMENT OF CLAIMS AGAINST THE UNITED STATES.

Payment under this Act, when accepted by an individual described in section 1, shall be in full satisfaction of all claims of, or on behalf of, the individual against the United States that arose out of the termination of the White House Travel Office employment of that individual on May 19, 1993.

This section shall become effective 4 days after the date of enactment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 3956 TO AMENDMENT NO. 3955

Mr. DOLE. Mr. President, I send a second-degree amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 3956 to amendment No. 3955.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the word ''SECTION'' and insert the following:

1. REIMBURSEMENT OF CERTAIN ATTORNEY FEES AND COSTS.

(a) IN GENERAL.—The Secretary of the Treasury shall pay, from amounts in the Treasury not otherwise appropriated, such sums as are necessary to reimburse former employees of the White House Travel Office whose employment in that Office was terminated on May 19, 1993, for any attorney fees and costs they incurred with respect to that termination.

(b) VERIFICATION REQUIRED.—The Secretary shall pay an individual in full under subsection (a) upon submission by the individual of documentation verifying the attorney fees and costs.

(c) LIMITATION.—Payments under subsection (a) shall not include attorney fees or costs incurred with respect to any Congressional hearing or investigation into the termination of employment of the former employees of the White House Travel Office.

(d) NO INFERENCE OF LIABILITY.—Liability of the United States shall not be inferred from enactment of or payment under this section.

SEC. 2. LIMITATION ON FILING OF CLAIMS.

The Secretary of the Treasury shall not pay any claim filed under this Act that is filed later than 120 days after the date of the enactment of this Act.

SEC. 3. REDUCTION.

The amount paid pursuant to this Act to an individual for attorney fees and costs described in section 1 shall be reduced by any amount received before the date of the enactment of this Act, without obligation for repayment by the individual, for payment of such attorney fees and costs (including any amount received from the funds appropriated for the individual in the matter relating to the ''Office of the General Counsel'' under the heading ''Office of the Secretary'' in title I of the Department of Transportation and Related Agencies Appropriations Act, 1994).

SEC. 4. PAYMENT IN FULL SETTLEMENT OF CLAIMS AGAINST THE UNITED STATES.

Payment under this Act, when accepted by an individual described in section 1, shall be in full satisfaction of all claims of, or on behalf of, the individual against the United States that arose out of the termination of the White House Travel Office employment of that individual on May 19, 1993.

This section shall become effective 3 days after the date of enactment.

CLOTURE MOTION

Mr. DOLE. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on Calendar No. 380, H.R. 2937, an act for the reimbursement of attorney fees and costs incurred by former employees of the White House Travel Office with respect to the termination of their employment in that office on May 19, 1993.

Bob Dole, Orrin Hatch, Spencer Abraham, Chuck Grassley, Larry Pressler, Ted Stevens, Rod Grams, Strom Thurmond, Thad Cochran, Judd Gregg, Paul D. Coverdell, Connie Mack, Conrad Burns, Larry E. Craig, Richard G. Lugar, Frank H. Murkowski.

Mr. DOLE. I will just say for the information of all Senators, the cloture vote on the White House Travel Office bill will occur on Tuesday, May 7.

I ask unanimous consent the cloture vote occur at 2:15 p.m. on Tuesday, May 7, and the mandatory quorum under rule XXII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. Let me indicate, as I will do in the closing statement, there will be no votes today. There will be no votes on Monday. The first vote will occur at 2:15 p.m. on Tuesday, May 7.

Let me also indicate, it is necessary to go through this procedure of filling up the tree so we can take action on this bill without having nongermane amendments offered to it. I would indicate we have made a proposal to the Democratic leadership with reference to minimum wage. I have asked Senator LOTT to try to resolve that with Senator DASCHLE and others. We hope they can reach some agreement so we can start bringing up legislation and passing it. This bill should not take 5 minutes. It may take 2 or 3 days. But I hope that is not the case.

I know there was some misinformation about the Senator from Arkansas, Senator PRYOR, holding up the bill. That is not accurate. He did raise some questions last night about how we might treat other people who had the same problem, where they have incurred big legal expenses through no fault of their own because they have been called to testify or because of something being investigated. I suggested, rather than try to cure that on this bill, that we ask the chairman of the Judiciary Committee if he would consider general legislation, if he would take a look at it—it might be Whitewater, it might be Iran-Contra—because I can tell you, a lot of people in this country have incurred huge legal bills when they were called before committees and their reputation was at stake and when they were really not even under investigation or targets of investigation. That has been true through the years.

So, if we want to change general policy, I suggest we do it through the process of hearings in the appropriate committee. I hope that will be satisfactory and that we can pass this bill quickly on Tuesday and move on to a couple of other bills—Amtrak authorization, which we believe is very important, and the firefighters discrimination bill, S. 849—and, hopefully, then, on Wednesday, go to the constitutional amendment for a balanced budget.

MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent there now be a period for the transaction of routine morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, May 2, 1996, the Federal debt stood at $5,100,092,620,432.01.

On a per capita basis, every man, woman, and child in America owes $19,262.84 as his or her share of that debt.

THE CHINA IPR AGREEMENT

Mr. THOMAS. Mr. President, yesterday the U.S. Trade Representative released its annual Special 301 report on the protection of U.S. intellectual property rights [IPR] by foreign countries. It will come as no surprise to my

colleagues that topping the list of countries which routinely permit the pirating of American IPR is the People's Republic of China [PRC]. In fact, the PRC is the only country identified as a ''priority foreign country,'' meaning that its policies and practices—or lack thereof—have had the greatest adverse impact on American goods.

The Subcommittee on East Asian and Pacific Affairs, which I chair, has held three hearings on this issue. Let me share a little of what the subcommittee has learned from those hearings with my colleagues. Section 301 of the Trade Act of 1974 is the principal mechanism through which an administration addresses unfair foreign trade practices. Section 301 gives the President broad powers to enforce U.S. rights under bi- and multi-lateral trade agreements, and to seek to eliminate acts or policies of foreign governments that burden or restrict U.S. commerce. In addition, it authorizes the President to retaliate against such practices if negotiations to eliminate the objectionable practice fail.

The Omnibus Trade and Competitiveness Act of 1988 amended the Trade Act of 1974 to include what has been commonly called the Special 301 provision. Special 301 requires the U.S. Trade Representative [USTR] to identify on an annual basis those countries that, inter alia, deny adequate and effective protections for IPR; and those countries within that category determined by the USTR to be priority foreign countries. Such countries are those that ''have the most onerous or egregious [policies].''

Section 302(b) of the 1974 act directs the USTR to initiate a Section 301 investigation within 30 days after a country is identified as a priority. After such an investigation is initiated, the USTR is required to determine within 6 months if the country engages in unfair trade practices and if any retaliatory measures should be imposed. Investigations may be extended 9 months if complex or complicated issues are involved. At the end of the investigation, the USTR has the discretion in deciding whether to retaliate.

As a means of increasing the effectiveness of the Special 301 provision, the USTR has divided into two lists those countries perceived to be denying adequate and effective IPR protection but whose problems are not as pronounced as priority countries: the priority watch list [PWL], and the ''watch list'' [WL]. Countries placed on the PWL are those the USTR considers to have made less progress in strengthening IPR protection than those on the WL. These countries are considered to have practices that meet all or some of the statutory criteria for placement on the priority country list, but are seen as making progress in negotiations to improve their IPR protection. WL countries are those that the USTR believes to have better IPR protection, but still need to be monitored.

USTR completed the first Special 301 review of foreign countries' protection of IPR in April 1989. In that year and in 1990, the USTR placed the PRC on its priority watch list, citing a lack of protection of IPR and enforcement of intellectual property laws. IPR piracy in the People's Republic of China [PRC] was rampant, especially in the southern and eastern provinces close to Hong Kong such as Guangdong and Jiangsu. Factories in these areas mass-produced pirated versions of American computer software, compact discs, CD–ROMs, and audio/video cassettes. Of the American computer software sold or produced in China, over 94 percent was pirated; many Government ministries—including the Trade Ministry—made extensive use of pirated software. CD's and audio/video percentages ran close to 100 percent; video copies of movies were being exported in China even before being released in the United States. Trademark piracy was also prolific.

Consequently, in 1991 the PRC was designated a priority foreign country. In January 1992, the People Republic of China and United States signed a memorandum of understanding governing IPR protection. Pursuant to the MOU, the PRC enacted a comprehensive body of laws protecting IPR, and providing civil and criminal penalties for persons violating those laws. As a result of that agreement, the PRC was removed from the watch lists.

By 1993, however, it was clear that the PRC was not living up to the 1992 MOU and the country was placed back on the priority qatch list. The amount of factories known to be producing pirated goods had risen from single digits to 29. These companies were exporting pirated goods in alarmingly increasing numbers; production of CD's alone ran to 75 million while China's internal market could absorb only 5 million. Moreover, enforcement was almost nonexistent. The National Copyright Administration Office, located in less than half of China's provinces, had few qualified employees and no real authority to prosecute offenders. Compounding the problem, several of the factories were known to have financial connections to local and national political figures. In addition, several others were actually partially or wholly Government- or PLA-owned.

On June 30, 1994, the USTR initiated another Special 301 investigation of the PRC. On December 31, that office issued a proposed determination that the PRC's IPR enforcement practices were unreasonable and burdened or restricted United States commerce. At the same time, the USTR issued a proposed list of Chinese goods to which tariffs of 100 percent would be attached as a retaliatory measure; the list included approximately $2.8 billion of goods. The goods chosen comprised 35 product categories of high-growth Chinese exports. Special care was exercised to include items in which the Chinese Government had a substantial involvement in producing, and to minimize any impact on United States consumers by picking articles readily available from other foreign or domestic sources.

The investigation period was then extended to February 4, 1995 to facilitate continuing negotiations. On that date, though, having come to no resolution with the Chinese, the USTR ordered the imposition of the proposed tariffs effective February 26. Their intent was to allow goods that were currently in transit between the two countries to arrive before the tariffs were finally imposed. It also gave both sides more time to negotiate. Had the tariff action taken affect, it would have been the largest retaliation ever taken by the U.S. Government. At the same time, the Chinese announced that they would respond with retaliatory 100 percent tariff sanctions on a long list of United States exports.

In the second week of February, the Chinese announced their willingness to resume negotiations. Then-Deputy USTR Barshefsky accepted the invitation of Wu Yi, the PRC's Minister of Foreign Trade and Economic Cooperation, to come to China on February 20. In the meantime, on February 15, the Chinese began a crackdown on the pirating. Authorities raided and closed seven of the factories, including two of the most notorious: the Shenfei factory in Shenzhen and the Dragon Arts Sound Co. in Zhuhai. The two sides finally reached an eleventh-hour accord on February 26, 1995, thereby narrowly averting the trade war.

The agreement signed in Beijing had three principle goals: to take immediate steps to stem piracy of IPR material, to make long-term changes to ensure effective enforcement of IPR in the future, and to provide United States IPR holders with greater access to the Chinese market. As for the first goal, Beijing pledged to implement a 6-month Special Enforcement Period beginning March 1 during which time the Government would increase resources to target the 29 CD and laser disc factories known to be engaging in pirated production, and confiscate and destroy illegally produced output and the machinery used to produce it. In addition, Beijing proposed to tighten its customs practices to stem the exportation of illegal products.

As for long-term changes, the Chinese Government pledged to ensure that Government ministries cease using pirated software. Furthermore, the Government pledged to establish an effective IPR enforcement structure consisting of IPR conference working groups at the central, provincial, and local level to coordinate enforcement efforts, and to ensure that the laws are strictly enforced. Similarly, the PRC stated it would remodel its customs enforcement system after that of the United States. Lastly, China would create a title verification system, and would ensure that United States copyright holders have access to effective and meaningful judicial relief in cases of infringements.

Finally, the PRC pledged to enhance access to its markets for United States right holders. It agreed it would place no quotas on the importation of U.S. audio-visual products, and would allow U.S. record companies—subject to certain censorship concerns—to market their entire catalog. United States companies were also to be permitted to enter into joint ventures for the production and reproduction of their products in the PRC.

On November 29, 1995, the subcommittee held a follow-up hearing to examine the on-going implementation of the agreement and China's compliance therewith. Since the signing of the agreement, several industry associations had complained that the agreement was not being fully implemented in the PRC and that the situation had degenerated to the pre-agreement state of affairs. According to the industry, many of the pirating factories that had been closed down in February 1995 had reopened and were doing business as usual. In addition, the Chinese Government had let pass several of the deadlines for action on its part as specified in the agreement.

The subcommittee heard from the USTR and representatives of the IPR industry (computer software, film, and recording industry). Then-Deputy USTR Barshefsky testified that implementation had been ''mixed.'' On the positive side, she noted that:

. . . the system is becoming more transparent—recently all of China's IPR laws, regulations, and administrative guidance were published, and public knowledge and understanding of IPR laws and regulations is much better than it was;

[p]iracy at the retail level has been markedly reduced in many major Chinese cities, particularly along the booming southeast coast where U.S. losses have been the largest. According to Chinese [g]overnment statistics, since signature of the agreement, Chinese enforcement officials have launched 3,200 raids, seized and destroyed as many as 2 million pirated CDs and LDs, 700,000 pirated videos, and 400,000 pirated books; and

[i]n addition, China has made many of the structural changes mandated by the agreement. China has set up ministerial task forces in virtually all provincial capitals and many major cities, 30 in all. It has set up high-level, tough enforcement task forces in at least 18 provinces and major municipalities. . . . China has now established IPR courts in Beijing, Guangzhou, Shenzhen and other major centers of piracy, and has begun an active program to train Chinese judges in the enforcement of IPR laws.

However, having noted these positive signs, she continued:

Despite these steps, China's overall implementation of the agreement falls far short of the requirements of the agreement. Despite improved enforcement efforts, U.S. industries still estimate that they lost $866 million as a result of China's piracy in 1995.

She then listed several of the more notable problems:

Overall, while China has taken steps to clean up retail markets, it has done little effectively so far to attack the heart of the problem—continuing, massive production, distribution, and export of pirated products. In particular, we remain deeply concerned that China has not honored its commitments to clean up production of pirated CDs in more than 29 factories throughout [southeast] China. Under the agreement, China was to have completed investigations of all factories by July 1, 1995, and to have taken measures to discipline, fine, or punish factories that violate Chinese laws and regulations. To our great dismay, China has instead reregistered—that is, given a clean bill of health to—all but one of the CD factories. Factories . . . have shifted their focus from . . . music CDs to higher value-added CD-ROMs. The seizure of exports of pirated CD-ROMs . . . in particular have risen by one hundred percent. . .. The potential economic damage to the US software industry is enormous. . . .

A single CD-ROM produced in China and acquired in Hong Kong by the Business Software Alliance recently contained Lotus' Supersuite (retails for $3,300), Autodsk's AutoCad (retails for $4,250), and Novell's New Ware (retails for $2,485) along with 100 other computer programs. The disk sold in Hong Kong's notorious Golden Shopping Arcade for $6.75.

She went on to note that Chinese compliance in the printing of SID codes had not been effectively implemented, China's Customs Service had not yet aggressively pursued infringers, and Chinese promises to open market access to United States firms were not being kept. Industry spokesmen expressed similar views, although they were markedly less enthused about those areas in which Ms. Barshefsky claimed China had cooperated.

At a joint Senate-House hearing just this last March, we learned that the situation has been reported to have remained largely the same. A review of many of the major provisions of the agreement show why the USTR is so concerned. For example, the agreement calls for the Chinese to investigate all CD production lines to ensure that titles being produced there are legitimate. While the Chinese have assigned investigators to some factories to ensure title verification procedures are being followed and SID codes—a way to identify what factory a particular CD came from—are being used. Yet according to the USTR, SID codes are still not generally utilized and title verifications are being almost uniformly ignored.

In addition, the agreement calls for the revocation of business permits for factories involved in continuing illegal production. Yet of the some 37 plants known to be operating illegally, only from 4 to 7—depending on your source—have been closed. This leaves roughly 30 plants in operation with an annual production capability of from 150 to 200,000,000 units. Given that the PRC's domestic market demand for legitimate products is only around 7,000,000 units, Mr. President, you can see that leaves quite a large gap.

The agreement requires the Chinese Government to establish a copyright verification system that would prevent the manufacture and export of CD's without being cleared by the Chinese Government and representatives of affected copyright owners. While such a system has been formally established on paper, in practice U.S. copyright holders have received only 5 requests for title verification in the past 18 months—yet experts estimate that over 60 million illicit CD's have been produced since the February agreement.

The agreement called for the abolition of quotas and other restrictions on the importation into the People's Republic of China of audio products. However, there has been no change in that system. Chinese officials alternately by denying the existence of a quota system or suggesting that now is not the time to amend such a system. Similarly, the agreement called for permitting US companies to enter into joint ventures for the production and reproduction of audio products. The Chinese side now claims that—contrary to the understanding of United States copyright holders in 1995—this provision means that they may participate in joint ventures for manufacturing products and not to original production.

In response to the allegations from the USTR and industry Zhang Yuejiao, Director General of the Treaty and Law Department of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC], recently told China Daily:

Some overseas people have criticized China for not living up to its promises on [IPR] protection. Such attacks are totally groundless.

A lengthier statement from Chen Jian, a spokesman at the Chinese Foreign Ministry, appeared in a recent edition of Beijing Review:

Protecting intellectual property rights is one of China's basic state policies. Since adopting the reform and opening policies, China has made tremendous efforts in the areas of legislation, jurisdiction and law enforcement concerning the protection of intellectual property rights. China has also instituted a legal system for [IPR]. Over the past year, China has adopted a series of measures to intensify law enforcement activities, including a major crackdown on piracy. We have achieved marked results in investigating and regulating the audio-visual and publishing markets, as well as in investigating and handling cases involving violations of [IPR] by factories and individuals. Any criticism of China for inadequately combatting piracy is groundless.

I should point out that IPR violations are an international phenomenon existing in many countries, including the United States. We are willing to exchange experiences and enhance cooperation with other countries concerning IPR protection, the United States included. Frequent threats of sanctions will not only harm bilateral cooperation in IPR protection, but also Sino-US economic and trade ties. We are opposed to such practices.

A more recent trend in Chinese statements on the issue has sort of taken the tone that ''the best defense is a good offense.'' In the past few months, the Chinese official media have engaged in a media blitz to counter assertions that the PRC is falling short of their obligations; the cover of the April 22 Beijing Review carries a picture of the deputy mayor of Chengdu, Wu Pingguo, holding up a pirated copy of

''Windows '95'' under the heading ''No Piracy.'' The Chinese Government has begun to answer allegations of its failures with countercharges that the United States has failed to live up to portions of the agreement by failing to provide promised technical and financial assistance. In one of my meetings during my trip to the People's Republic of China over the April recess, one of the officials with whom I met even went so far as to say to me that while China was actually living up to its side of the agreement 100 percent, American companies were now engaged in wholesale piracy of Chinese IPR in the United States.

Now, Mr. President, I will be the first to acknowledge that, as the USTR has pointed out, the Chinese have made significant strides in implementing some portions of the agreement. Fifteen years ago the concept of intellectual property was a foreign one to the Chinese. In a Confucian-based system, knowledge was felt to belong to everyone; the Chinese even have a saying: ''You cannot steal a book.'' This tradition, coupled with communism-based ideals that everyone works for the benefit of his or her fellow citizens, are clearly antithetical to the concept of IPR. Yet as a result of the agreement, the Chinese have moved to put in place laws and enforcement systems to deal with the problem. They have embarked on a campaign of educating citizens about IPR, and have conducted a series of raids of retail outlets selling illicit products. I applaud their efforts on this front.

But Mr. President, we have a clear agreement with the People's Republic of China. And it is equally clear, regardless of their efforts and despite their protestations to the contrary, that the People's Republic of China is not fully living up to its obligations under that agreement. I'm sorry, but they are not. They say they are, but to paraphrase a saying of which Beijing is inordinately fond of castigating us with, ''Actions speak louder than words.'' The main problem is that while it is commendable that the government is going after retailers, it continues to overlook the source of the products. The excuse often heard is that China is a big country and the central government cannot know at all times which factories are producing illegal goods and where they are. Well, if those factories were producing pamphlets calling for the overthrow of the Communist government in Beijing, you could be quite sure that they would be shut down in a heartbeat. Moreover, it is not as though the factories involved in CD and related IPR production in China are mysterious hidden entities, Mr. President; even I have a list of them:

Zhuhai Hua Sheng Magnetic Tape Factory, Dakengmei, Wanzai, Zhuhai;

Zhuhai GLM Laser Master Matrix Mfg. Co., Zhuhai;

Shen Fei Laser & Optical System Co., Bagua Xi Lu, Shenzhen;

Zhong Qiao Laser Co., Bonded Industrial Area, Shatoujiao, Shenzhen;

Guangzhou Yong Tong Audio-Visual Prod. Co., No. 14, Shiguang Lu, Shiqiao, Punyu, Guangzhou;

Cai Ling Audio-visual Prod. Co., No. 17, Lingyuan Xi Lu, Guangzhou, Guangdong;

Foshan Jinzhu Laser Digital Storage Disk Co., Block 10, No. 44, Xinfeng Lu, Foshan, Guangdong;

Foshan Jinsheng Electronic Co., 3/F Jinchan Building, Zhangcha Lu, Kou, Foshan;

Foshan Xiandi Electronic Audio-Video Industrial Co., Dunhou Gongye Daidao, Foshan;

Foshan City Nanhai Mingzhu Audio-Video Co., Jun Bridge, Foping Gonglu, Tongshang Lu, Foshan;

Chaoyang City Jinfa Laser Disk Technology Co., Tongshan Daidao, Chaoyang;

Zhongshan Yisheng Laser Disk Manufacturing Co., Chanjiang Administrative Zone, Zhongshan, Guangdong;

Zhongqing Guosheng Laser Technology Co., Duancheng Industry Estate, Duanzhou Yilu, Zhongqing, Guangdong;

Maoming Jiahe (Shuitong) Electronic City Co., No. 1, Jiahe Lu, Shuitong Economic Dev. Zone, Maoming, Guangdong;

Xinhua Paiei Photoelectricity Co., Gaoxin Tech. Dev. Zone, Hunagkong, Xinhui, Guangdong;

Zibo Yongbao Laser Audio-Video Co., Gaoxin Tech. & Industry Development Zone, Zibo, Shantong;

Chengdou Lianyi Huaxing Audio-Video Production Co., 3/F Huaneng Group, Chengdou, Plant at: Air Harbour, Gaoxin Lu, Chengdou;

Hainan Anmei Laser Production Co., Yuejin Nan Lu, Digan, Hainan;

Shanghai Lianhe Laser Disk Co., No. 811, Hengshan Lu, Shanghai;

Suzhou Baodie Laser Electronic Co., Songling Town Industrial Development Zone, Wujiang, Jiangsu;

Nanjing Dali Laser Audio-Video Co., Danchang Town (Pukou), Nanjing, Jiangsu;

Hangzhou Huadie Photoelectricity Co., Liuxiaying Kou, Hangzhou, Zhejiang;

Tianjin Tianbao Electronics Co., Wuqing Development Zone, New Technology & Industry Park, Tianjin;

Heifei Wanyan Electronics Co., No. 127, Shushan Lu, Hefei;

Beijing Leshi Record Co., No. 1, Zhenwu Si Santiao, Fuxingmen Wai Jie, Xi Xheng Qu, Beijing.

Mr. President, at the time of reaching agreement the Chinese Government knew—or should have known—what it was and was not capable of in regards to IPR regulation and enforcement. And with that knowledge, it went ahead and legally committed itself to a comprehensive course of action—not to fulfill the terms partially, or as it felt like it, or selectively, but a comprehensive plan. The Foreign Ministry has stated that ''protection of IPR is a highly complex undertaking that cannot be completely resolved in a short time.'' Well, Mr. President, if such is the case, then the People's Republic of China [PRC] shouldn't have agreed to do so.

I am a firm believer that once a country signs an agreement it should adhere to it. Apparently, in theory, so are the Chinese; they constantly berate us, and other countries, accusing us of failing to live up to our agreements. Yet it is abundantly clear that the Chinese side has not fully lived up to the agreement.

Now, Mr. President, that leaves us, as the aggrieved party, with few options. First, we could ignore their breach and continue to allow the PRC to flout the agreement. This would, though, have unfortunate repercussions. It would demonstrate to the PRC, indeed to all of Asia, that there is no price to pay for ignoring or otherwise failing to implement agreements with the United States. I am quite sure that that is not the kind of message we want to be sending.

Another choice would be to work quietly with the Chinese to resolve those disagreements which remain outstanding to avoid having to rely on other more public avenues to getting them to comply. Well, Mr. President, we have tried that route with no success. Assistant USTR Lee Sands has been to China several times since last year to try to work things out; Acting-USTR Barshefsky has been to Beijing several times with the same goal. Jason Berman, chairman and CEO of the Recording Industry Association of America, has been to China; representatives of the movie and computer software industries have been to China—all to no avail.

So, Mr. President, we find ourselves faced with the only remaining way to impress upon the Chinese the seriousness of the problem, our disappointment at their failure to adhere to the agreement, and the extent of the monetary loss we suffer: economic sanctions. This is not a course of action which I relish, Mr. President; unilateral sanctions are rarely an effective instrument of foreign or trade policy. They have unavoidable consequences for the domestic economy; besides effecting domestic industries which rely on imported goods from China, they can also impact other businesses. To illustrate, the Chinese have countered to suggestions of trade sanctions with a thinly-veiled threat to United States business interests in China:

Should the US side go ahead with taking sanctions against China, US commercial interests would in the end be seriously harmed and that would amount to the US imposing counter-sanctions against itself.

We have seen this before. Last year when sanctions were pending the Chinese awarded several contracts which were considered safely in the pockets of United States corporations to European competitors; the signal was clear. Premier Li Peng recently travelled to France where he signed several significant trade deals—most notably with Airbus—pointedly aimed at reminding us that we are not their only trade source.

The Chinese are quick to say that we should not resort to the imposition of sanctions, that we should discuss the issue ''on the basis of equality.'' Well, Mr. President, there is no equality in their version of equality. Does equality exist when one party flouts an agreement to the detriment of the other? I think not.

So, Mr. President, I reluctantly, yet fully, support the USTR on this issue. I urge the President to follow the USTR's recommendations, and to do so soon. I realize that there are some in the administration who are hesitant to press this issue for fear of rocking the boat—the same reason for the administration's emasculated response to the Chinese sales of ring magnets and the like to Pakistan—but failure to act will only embolden the Chinese and will only serve to add fuel to the fire of what already promises to be a raucous MFN debate.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. McCathran, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENS:

S. 1728. A bill to require Navy compliance with shipboard solid waste control requirements; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS:

S. 1728. A bill to require Navy compliance with shipboard solid waste control requirements; to the Committee on Commerce, Science, and Transportation.

THE ACT TO PREVENT THE POLLUTION FROM SHIPS AMENDMENT ACT OF 1996

Mr. STEVENS. Mr. President, today I am introducing legislation at the request of the Department of Defense [DOD] to amend the act to prevent pollution from ships to bring Navy operations in line with the International Convention for the Prevention of Pollution by Ships—the MARPOL Convention.

I ask for unanimous consent that the following summary of the bill and background information provided by the DOD be printed in the RECORD.

I ask for unanimous consent that the bill be printed in full in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1728

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. NAVY COMPLIANCE WITH SHIPBOARD SOLID WASTE CONTROL REQUIREMENTS.

Section 3(c) of the Act to Prevent Pollution from Ships (33 U.S.C. 1902(c)) is amended to read as follows:

''(c) DISCHARGES IN SPECIAL AREAS.—

''(1) Not later than December 31, 2000, all surface ships owned or operated by the Department of the Navy, and not later than December 31, 2008, all submersibles owned or operated by the Department of the Navy, shall comply with the special area requirements of Regulation 5 of Annex V to the Convention, except as provided in paragraphs (2) and (3) of this subsection.

''(2) Vessels owned or operated by the Department of the Navy for which the Secretary of the Navy determines that, due to a uniquely military design, construction, manning or operating requirements, full compliance with paragraph (1) would not be technologically feasible, or would impair the vessel's operations or operational capability, are authorized to discharge non-plastic and non-floating garbage consisting of—

''(A) a slurry of seawater, paper, cardboard and food waste, provided such slurry is discharged not less than three nautical miles from the nearest land and is capable of passing through a screen with openings of no greater than 12 millimeters; and

''(B) metal and glass garbage that has been shredded and bagged to ensure negative buoyancy and is discharged not less than twelve nautical miles from the nearest land.

''(3) Not later than December 31, 2000, the Secretary of the Navy shall publish in the Federal Register—

''(A) a list of those vessels planned to be decommissioned between January 1, 2001, and December 31, 2005; and

''(B) standards to ensure, so far as reasonable and practicable, without impairing the operations or operational capabilities of such vessels, that such vessels act in a manner that is consistent with the special area requirements of Regulation 5 of Annex V.

''(4) Notwithstanding paragraphs (2) and (3) of this section, it shall be the goal of the Department of the Navy to achieve eventual full compliance with Annex V as part of the Department's ongoing development of environmentally sound ships.''.

SUMMARY OF BILL

The purpose of this bill is to amend section 1902(c) of the Act to Prevent the Pollution from Ships (33 U.S.C. 1901 et seq.).

The MARPOL Convention requires party states to adopt measures requiring their warships to comply with garbage discharge restrictions to the extent reasonable and practicable. The Act to Prevent Pollution from Ships, however, established a no-discharge requirement (except food waste) in special areas for all public vessels. The proposed bill would allow U.S. Navy surface warships to discharge pulped and shredded non-hazardous, non-plastic, non-solid floating waste in special areas, consistent with the MARPOL Convention, while reaffirming the U.S. commitment to achieving eventual full compliance by all public vessels.

Paragraphs (2), (3), and (4) of section 1902(c) are eliminated. These paragraphs pertain to the one-time submission to Congress by the Secretary of the Navy of a plan for special area compliance by Navy Ships. The plan will have been submitted by November 1996, after which time the statutory language requiring such plan will be surplusage.

Paragraph (1) of section 1902(c) is amended to reiterate the special area compliance deadlines of the current paragraph (December 31, 2000 for surface ships; December 31, 2008 for submersibles), but to allow exceptions as delineated in new paragraphs (c)(2) and (c)(3).

For ships that the Secretary of the Navy determines that, due to the uniquely military characteristics, compliance would not be technologically feasible, or would impair the vessel's operations or operational capability, new paragraph (c)(2) authorizes the discharge within in-effect MARPOL Annex V special areas of non-hazardous, non-plastic, non-floating garbage consisting of either:

a. A slurry of seawater, paper, cardboard and food waste that is capable of passing through a screen with openings of 12 millimeters (about ½ inch); or

b. Metal and glass garbage that has been shredded and bagged to ensure negative buoyancy.

Discharges of pulped biodegradable material (paper and cardboard) would be authorized no closer than three nautical miles from shore and discharges of shredded non-biodegradable material (glass/metal) would be authorized no closer than 12 nautical miles from shore.

New Section (c)(3)(b) ensures that Navy vessels which are to be decommissioned within 5 years, and for which installation of solid waste processing equipment would therefore not be cost effective, will comply with special areas requirements of Annex V as far as is reasonable and practicable, without impairing the operations or operational capabilities.

New Section (c)(4) sets a goal for the Department of the Navy to achieve eventual full compliance with Annex V as part of the Department's ongoing development of environmentally sound ships.

BACKGROUND

The FY94 DoD Authorization Act required the Secretary of the Navy to submit to Congress by November 1996 a plan for compliance by Department of Navy ships with the special area provisions of the MARPOL Convention. Accordingly, the Under Secretary of the Navy formed an executive steering committee to oversee development of the plan. The Navy has conducted a thorough analysis of technologies and management practices for special area compliance. The major findings include the following:

a. Full compliance with U.S. law could be achieved through installation of incinerators, at a fleet-wide cost of about $1.2 billion. Incinerator installation would significantly degrade operations due to displacement of existing ship systems and addition of significant weight. Incineration may be regulated in the future by a new annex to MARPOL thus adding uncertainty to acceptability of shipboard incineration.

b. Full compliance with U.S. law could be achieved through garbage compaction and retrograde for shore disposal, at a fleet-wide cost of over $1.1 billion. Retention and retrograde presents a host of operational and habitability problems. Associated costs include the modification of ships to accommodate both waste processing (compaction) and storage space, additional Combat Logistics Force ships for garbage collection, increased time and maintenance for underway replenishment/garbage off-loads, and disposal costs in foreign ports. Another consideration is the uncertain fate of garbage in foreign ports and limited landfill space in many countries.

c. The National Academy of Science completed a shipboard waste technology assessment for the Navy. Other possible technologies, such as plasma arc pyrolysis and super critical water oxidation, are not yet developed sufficiently for shipboard application.

d. Full compliance with MARPOL, but not existing U.S. law, could be achieved through use of pulpers and shredders in special areas,